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BEFORE THE  
ILLINOIS COMMERCE COMMISSION

AMEREN ILLINOIS COMPANY ) DOCKET NO.  
d/b/a Ameren Illinois ) 12-0001  
Rate MAP-P Modernization Action )  
Plan - Pricing Filing )

Monday, June 25, 2012

Springfield, Illinois

Met, pursuant to notice, at 11:00 a.m.

BEFORE:

MR. JOHN ALBERS & MR. J. STEPHEN YODER,  
Administrative Law Judges

APPEARANCES:

MR. ALBERT STURTEVANT  
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Suite 1822  
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-and-

MR. CHRISTOPHER KENNEDY  
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(Appearing via teleconference on  
behalf of Ameren Illinois  
Company.)

SULLIVAN REPORTING CO., by  
Carla J. Boehl, Reporter  
CSR #084-002710



1       APPEARANCES:   (CONT'D.)

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7                               (Appearing via teleconference on  
8                               behalf of Citizens Utility  
9                               Board.)

10          MR. JIM OLIVERO  
11          527 East Capitol  
12          Springfield, Illinois   62701

13                       -and-

14          MR. MICHAEL LANNON (via teleconference)  
15          MS. NICOLE LUCKEY (via teleconference)  
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21                               Commission.)

22

1		<u>I N D E X</u>			
2					
3	<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
4	RYAN J. MARTIN				
5	By Mr. Tomc	633			
6	By Mr. Lannon		635		
7					
8					
9					
10		<u>EXHIBITS</u>			
11			<u>MARKED</u>	<u>ADMITTED</u>	
12	ICC Staff Group Cross 6		640	640	
13	AIC 3.0R		E-Docket	641	
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22					



1 Board, Christie Hicks, 309 West Washington, Suite  
2 800, Chicago, Illinois 60606.

3 MS. YU: On behalf of the Office of the  
4 Illinois Attorney General, Cathy Yu and Karen Lusson,  
5 100 West Randolph Street, Chicago, Illinois 60601.

6 MR. REDDICK: Appearing for the Illinois  
7 Industrial Energy Consumers, IIEC, Eric Robertson of  
8 Lueders, Robertson and Konzen, 1939 Delmar Avenue,  
9 Granite City, Illinois 62040, and Conrad R. Reddick,  
10 1015 Crest Street, Wheaton, Illinois 60189.

11 JUDGE ALBERS: Any others wishing to enter an  
12 appearance?

13 (No response.)

14 Let the record show no response.

15 Today we have two more witnesses to  
16 address and those will be the last witnesses for the  
17 evidentiary hearing in this matter. Before getting  
18 to those gentlemen, though, do we have any  
19 preliminary matters anyone would like to raise?

20 MR. OLIVERO: Your Honor, this is Jim Olivero  
21 on behalf of Staff witnesses.

22 We had agreed, counsel for Ameren and

1 Staff, that we would enter into the evidentiary  
2 record what I have designated as Staff Group Cross  
3 Exhibit Number 6 which are the data request responses  
4 to MGM-2.01 and 2.02, along with the attachments  
5 thereto. There were four attachments to MGM-2.01 and  
6 there was just one attachment to 2.02.

7 JUDGE ALBERS: Moving these with regard to any  
8 particular witness?

9 MR. OLIVERO: These were for Mr. Martin.  
10 Actually, he was the one who had responded to these  
11 data requests.

12 JUDGE ALBERS: So, before we go into those, are  
13 there any other preliminary matters?

14 MR. OLIVERO: No.

15 JUDGE ALBERS: Okay. All right. So then  
16 turning to the witnesses then, I guess we will take  
17 Mr. Martin first.

18 MR. TOMC: Yes, Your Honor.

19 JUDGE ALBERS: Go ahead, Mr. Tomc. I can go  
20 ahead and swear him in rather.

21 MR. TOMC: Your Honor, on behalf of Ameren  
22 Illinois Company, I would call --

1 JUDGE ALBERS: I am sorry, you broke up there  
2 at the end. I didn't hear all of that.

3 MR. TOMC: I will try again. On behalf of  
4 Ameren Illinois Company I would call Ryan J. Martin.

5 JUDGE ALBERS: Mr. Martin, I am going to swear  
6 you in now.

7 (Whereupon the witness was duly  
8 sworn by Judge Albers.)

9 JUDGE ALBERS: Thank you. Go ahead, Mr. Tomc.

10 RYAN J. MARTIN

11 called as a witness on behalf of Ameren Illinois  
12 Company, having been first duly sworn, was examined  
13 and testified as follows:

14 DIRECT EXAMINATION

15 BY MR. TOMC:

16 Q. Good morning, Mr. Martin.

17 A. Good morning.

18 Q. Please state your name for the record.

19 A. My name is Ryan James Martin.

20 Q. And by whom are you employed?

21 A. I am employed by Ameren Services Corp.

22 Q. And what is your business address?

1           A.    My business address is One Ameren Plaza,  
2    1901 Chouteau Avenue, St. Louis, Missouri 63103.

3           Q.    Thank you.  Are you the same Mr. Ryan J.  
4    Martin that caused to be filed revised Direct  
5    Testimony being Ameren Exhibit 3.0R, Rebuttal  
6    Testimony being Ameren Exhibit 14.0 and Surrebuttal  
7    Testimony being Ameren Exhibit 24.0?

8           A.    I am.

9           Q.    Is the information contained in your  
10   testimony true and correct to your information,  
11   knowledge and belief?

12          A.    It is.

13          Q.    If I were to ask you the same questions  
14   contained in your testimony today, would your answers  
15   be the same?

16          A.    Yes, they would.

17          Q.    Mr. Martin, I also understand that you did  
18   sign an affidavit in support of your testimony  
19   identified as Ameren Exhibit 24.1?

20          A.    Yes, that is correct.

21          MR. TOMC:  Your Honor, with that I would move  
22   for the admission of Ameren Exhibit 3.0R, Ameren

1 Exhibit 14.0 and Ameren Exhibit 24.0, and I would  
2 tender Mr. Martin for cross examination.

3 JUDGE ALBERS: And, Mr. Olivero, I understand  
4 you are the only party who had cross?

5 MR. OLIVERO: Actually, Mr. Lannon is going to  
6 be doing the cross.

7 JUDGE ALBERS: Oh, I am sorry.

8 MR. OLIVERO: That's all right.

9 MR. LANNON: Ready, Your Honor?

10 JUDGE ALBERS: Yes, please.

11 CROSS EXAMINATION

12 BY MR. LANNON:

13 Q. Hello, Mr. Martin.

14 A. Good morning.

15 Q. We have quite an echo going. I don't know  
16 if you can hear it, but please ignore it if you do.

17 A. Okay.

18 Q. Usually I would welcome you to Illinois  
19 right now but you are in Missouri; so I welcome you  
20 to the Ameren phone bridge.

21 A. Thank you.

22 Q. Okay. Which reminds me, Staff would like

1 to take just a minute to note its gratitude to the  
2 Company for providing the phone bridge, you know, for  
3 the last four days. So Staff appreciates that.

4 Mr. Martin, on page 2 of your  
5 surrebuttal, Ameren Exhibit 24.0, you address a  
6 disagreement with Staff witness Ms. Phipps regarding  
7 common dividends and how they were paid, correct?

8 A. Correct.

9 Q. I would like to just walk you through a  
10 very simple hypothetical, and I think we could save a  
11 lot of time just doing that. So could you assume the  
12 following:

13 Could you assume that the Company has  
14 a zero cash balance but positive \$1 million in  
15 retained earnings, okay?

16 A. Okay.

17 Q. Can that company pay a cash dividend under  
18 those facts, assumed facts?

19 A. Without -- you are saying without making  
20 any other -- without any other transactions, without  
21 making any efforts to obtain cash?

22 Q. That's correct.

1           A.    In that hypothetical situation a company  
2    would not be able to pay cash.  If it were the case  
3    of Ameren Illinois, though, our practice is to in  
4    that situation we would borrow cash and pay a cash  
5    dividend.

6           Q.    All right.  But Ameren Illinois, in  
7    borrowing the cash, would issue debt, correct, and it  
8    would receive cash in return?

9           A.    That would be one way for us to attain cash  
10   to pay a dividend, yes.

11          Q.    Now, if they had a positive cash balance  
12   and at least until the company decided how to spend  
13   the cash received from the debt, will you agree that  
14   in order to pay a cash dividend a company must either  
15   already have cash on hand or alternatively raise  
16   cash?

17          A.    In order to pay a dividend in cash, I would  
18   agree that a company would have to be in possession  
19   of cash, yes.

20          Q.    Okay.  One more hypothetical.  The company  
21   had a million dollar cash balance but negative  
22   retained earnings.  Can it pay a cash dividend up to

1       \$1 million?

2           A.    I guess my understanding is that the  
3       company would be prohibited from paying any dividends  
4       in that hypothetical situation of having no retained  
5       earning balance.

6           Q.    Is that a provision of the Public Utilities  
7       Act?

8           A.    I believe so.

9           Q.    If we just put that aside -- I think you  
10      are referring to 7-103.  If you put that aside, and I  
11      am not asking you for a legal opinion, but under this  
12      hypothetical let's assume there is no such Section  
13      7-103.  So, again, under the hypothetical if a  
14      company has a million cash balance, a negative  
15      retained earnings, can it pay a cash dividend up to  
16      \$1 million?

17          A.    No.  I believe in this hypothetical there  
18      are some accounting and legal implications as to when  
19      a company can and can't pay dividends, and I am not  
20      really prepared to speak to those.  So I guess I  
21      don't know if there would be any legal restriction or  
22      accounting restriction that would prevent in that

1 case a company from paying dividends when it has  
2 negative retained earnings.

3 MR. LANNON: I am not sure if your response was  
4 responsive. Could I have that repeated back, Your  
5 Honor?

6 (Whereupon the requested portion  
7 of the record was read back by  
8 the Reporter.)

9 MR. LANNON: Thank you. Let me, Your Honor,  
10 follow up with another question, if I could.

11 Q. Mr. Martin, putting aside any accounting or  
12 legal issues, just from a purely finance perspective,  
13 if a company has a million dollars cash balance but  
14 negative retained earnings, can it pay a cash  
15 dividend of up to \$1 million?

16 A. I don't know. In your hypothetical a  
17 company has cash to spend, but I do not know if it  
18 would be permitted to pay a cash dividend, given its  
19 negative retained earnings position. It is not  
20 something we have ever encountered at Ameren Illinois  
21 Company. It is never a decision we have had to make  
22 or investigate or evaluate.

1           Q.    So the answer is "I don't know"?

2           A.    Yes.

3           MR. LANNON:  Thank you, Mr. Martin.  That's all

4   I have.

5           JUDGE ALBERS:  Does Ameren have any redirect?

6           MR. TOMC:  I do not, Your Honor.

7           JUDGE ALBERS:  Let me first address the Staff

8   Group Cross Exhibit 6.  Mr. Olivero, you were

9   indicating that was being offered in lieu of other

10   cross for Mr. Martin?

11          MR. OLIVERO:  That's correct, Your Honor.

12                               (Whereupon ICC Staff Group Cross

13                               Exhibit 6 was marked for

14                               purposes of identification as of

15                               this date.)

16          JUDGE ALBERS:  Is there any objection to the

17   admission of Staff Group Cross Exhibit 6?

18          MR. TOMC:  No objection, Your Honor.

19          JUDGE ALBERS:  Hearing none, then it is

20   admitted.

21                               (Whereupon ICC Staff Group Cross

22                               Exhibit 6 was admitted into

1 evidence.)

2 JUDGE ALBERS: Is there any objection then to  
3 the admission of Ameren Exhibit 3.0 Revised, 14.0 and  
4 24.0?

5 (No response.)

6 Hearing no objection, then those are  
7 also admitted.

8 (Whereupon AIC Exhibits 3.0  
9 Revised, 14.0 and 24.0 were  
10 admitted into evidence.)

11 JUDGE ALBERS: Anything further for Mr. Martin  
12 today?

13 (No response.)

14 I will take that silence as no.

15 Thank you, Mr. Martin.

16 (Witness excused.)

17 THE WITNESS: Your Honor, thank you.

18 JUDGE ALBERS: And we have next Mr. Getz?

19 MR. TOMC: Yes, Your Honor. Ameren Illinois  
20 Company has obtained from Mr. Getz an affidavit in  
21 support of his testimony and caused it to be filed on  
22 e-Docket. We would move for the admission of Ameren

1 Exhibit 5.0R being the revised testimony -- Revised  
2 Direct Testimony of Mr. Michael J. Getz.

3 JUDGE ALBERS: And what is his affidavit marked  
4 as?

5 MR. TOMC: I am sorry, Your Honor. It is  
6 Ameren Exhibit 5.1.

7 JUDGE ALBERS: Thank you. Is there any  
8 objection then to the admission of those two  
9 exhibits?

10 (No response.)

11 Hearing none, they are admitted.

12 (Whereupon AIC Exhibits 5.0R and  
13 5.1 were admitted into  
14 evidence.)

15 JUDGE YODER: Mr. Tomc, did you say that was  
16 already filed?

17 MR. TOMC: Yes, Your Honor, filed it this  
18 morning.

19 JUDGE YODER: It is just not being reflected on  
20 e-Docket yet.

21 MR. TOMC: Your Honor, I did receive  
22 confirmation from Ms. Dominic that confirmation is

1 still pending.

2 JUDGE ALBERS: Well, I think that takes care of  
3 all our witnesses. Anything else for today before I  
4 mention a couple of things?

5 MS. LUSSON: Your Honor, this is Karen Lusson  
6 from the AG's office. I wanted to mention that we  
7 will be filing a very brief errata with respect to  
8 the testimony of Mr. Brosch, that these are the three  
9 or, I think, three or four changes that he had  
10 mentioned in his testimony live on the stand.

11 JUDGE ALBERS: Corrections to what had been  
12 prepared?

13 MS. LUSSON: Yes, yes.

14 JUDGE ALBERS: Thank you. All right. Then as  
15 far as wrapping this up then, I just want to make a  
16 reminder that the joint proposed outline is due June  
17 29. That's this Friday.

18 And we also have one other question we  
19 would like the parties to address in their briefs,  
20 and that is simply how does the Commission's recent  
21 rejection of Ameren's AMI plan affect its status, if  
22 at all, as a participating accommodation utility

1 under the EIMA.

2 MR. LANNON: Your Honor, Mike Lannon for Staff.

3 I am sorry, I didn't hear all that.

4 Is that going to be an issue in the brief?

5 JUDGE ALBERS: Yes, we would like the parties  
6 to address that in their briefs. When we get the  
7 outline Friday, we will take a look at it and issue a  
8 ruling early next week describing the outline for the  
9 briefs and we will reflect that in there. But I  
10 wanted to make sure everybody had heads up today that  
11 is something we are asking the parties to address.

12 MR. LANNON: That's an excellent question, Your  
13 Honor. I am not sure we have an answer, but it is an  
14 excellent question.

15 JUDGE ALBERS: I know we don't have answers.

16 MR. KENNEDY: Your Honor, this is Mr. Kennedy.  
17 We can go ahead and include a place holder for that  
18 in the outline, if that would make it easier,  
19 especially for the people who are not on the call.

20 JUDGE ALBERS: That would be fine. Thank you.

21 MR. OLIVERO: Your Honor, would you mind  
22 repeating the question?

1 JUDGE ALBERS: No, absolutely. How does the  
2 Commission's recent rejection of Ameren's AMI plan  
3 affect its status, if at all, as a participating  
4 combination utility under the EIMA?

5 MR. OLIVERO: Thank you.

6 JUDGE ALBERS: Is there anything else then for  
7 the record today?

8 MR. TOMC: Your Honor, this is Matt Tomc. I  
9 would mention further for the record we would like an  
10 electronic copy of the transcript.

11 Additionally, Mr. Sturtevant, if you  
12 will recall from Friday, had asked that the record be  
13 left open so that he could review the transcript  
14 related to a certain piece of cross examination that  
15 was conducted during the last week. So I would ask  
16 simply that the record be left open for that purpose.

17 JUDGE ALBERS: Yes, that was my plan, to leave  
18 the record open, just to continue this matter  
19 generally.

20 Anything else?

21 (No response.)

22 If not, thank you, all, and this

1     matter is continued generally.

2                             (Whereupon the hearing in this  
3                             matter was continued generally.)

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